

IMPORTANT TAX BENEFITS REGARDING 2008 TAEP PURCHASES

The Economic Stimulus Act of 2008 provides a unique opportunity for individuals to benefit from special depreciation rules on assets purchased or built by Dec. 31, 2008. Depending on your particular situation, this one-time, special depreciation deduction may make your Tennessee Agricultural Enhancement Program (TAEP) funds go further by significantly reducing your net cost.

The Stimulus Act provides two exceptional tax breaks for persons with certain capital asset purchases in 2008.

1. The first tax break allows an additional 50 percent depreciation in the first year for qualified property purchased or built this year. In order to qualify, the asset must have a recovery period of 20 years or less and the original use of the property must begin with the taxpayer after Dec. 31, 2007 and before Jan. 1, 2009.
2. The second tax break is an increase in the Section 179 (extra first year depreciation expense) allowance from \$125,000 to \$250,000. The expensing allowance is subject to a phase-out limitation increase from \$500,000 to \$800,000 of qualifying assets purchased during the year.

This is a once in a lifetime opportunity for producers participating in TAEP. This special depreciation rule may apply to hay, grain and feed storage facilities; livestock equipment, greenhouses and other qualifying assets.

Individual circumstances may vary and actions taken this year may affect future decisions. It is important that you consult your local tax advisor for more information on how this special rule may apply to you, or visit the IRS Web site at <http://www.irs.gov/newsroom/article/0,,id=179227,00.html> for more information about Stimulus Act benefits for businesses.

(Source: Tennessee Farm Bureau Federation, Farmer Services, Inc.)



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